

THE CALIFORNIA POWER AUTHORITY

The Mission:

To furnish the citizens of California with reliable and affordable electrical power, ensure sufficient power reserves, assure stability and rationality in California's energy market, and encourage energy efficiency, conservation and renewable energy resources.

The Financing Role:

The Power Authority proposes to provide three general types of financing services – Brokering Public Energy Transactions, Bulk Procurement, and Targeted Energy Project Ownership.

The Investment Plan:

The Power Authority's Energy Resource Investment Plan laid out three strategies to achieve a 3500 MW goal using its \$5 billion in revenue bonding authority:

1) Strategic Reserves: Resources to help meet peak demand and system or local reserve needs – **2100 MW** by 2006

Initial projects include:

- San Francisco Reliability Project
- Demand Reserves Partnership ("Greening the Peak") – Dispatchable load reduction to provide clean ancillary services in the wholesale power market.
- Safety Net Projects – To ensure construction of critically needed facilities that provide reliability protection or displace output from dirtier plants.

2) Clean Energy Financing: Renewable and Customer Efficiency Projects – **775 MW** by 2006

3) Greening Public Buildings: Facilitating installation of efficiency and clean technologies including Distributed Generation in public facilities – **625 MW** by 2006.

POWER AUTHORITY KEY ACTIVITIES - RESIDENTIAL PROGRAMS

- **Residential Solar PV Turnkey Installation**

The Power Authority will provide affordable financing and brokering of PV installation services to bring solar within reach of thousands of homes.

- **Appliance & HVAC, Efficiency**

The Power Authority will finance Energy Star appliances while CPUC programs give rebates to consumers and incentives to distributors and manufacturers.

- **Emerging Renewable Buydown Program (CEC Lead)**

The Power Authority will offer financing to support installation of new, onsite and emerging generation technologies.

- **Distributed Generation Incentives Program (CPUC Lead)**

The Power Authority will offer financing to support installation of Distributed Generation and will seek to drive costs down by encouraging large-scale purchase commitments.

POWER AUTHORITY ACTIVITIES – NON-RESIDENTIAL SECTOR PROGRAMS

- **Tax-Exempt Industrial Development Bonds for Efficiency and Clean Energy**

The Power Authority is managing a program to allocate \$30 million of tax exempt bond proceeds [loans] for the purchase and installation of energy efficiency projects and/or renewable and clean energy systems and equipment, or to finance manufacturers of clean energy equipment. The first round of applications were received in May; CPA Board approval is expected in July.

- **Public Agency Loan Pool**

The Power Authority will provide tax-exempt loans to state and local public agency buyers of Distributed Generation or efficiency equipment and services. The pool will target loans with a minimum size of \$2 million to complement the CEC's existing ECAA loans to local agencies.

- **Public School Solar PV Program**

The Power Authority will administer a new fund financed by state power contract settlements to pay for solar systems installed at schools across the State.

- **Distributed Generation Technology Public Procurement System**

All public agencies will be able to access pre-screened bid and pricing lists to facilitate purchase decisions on fuel cells, solar photovoltaics and combined heat and power systems.

- **Third Party Financing for Distributed Generation**

The Power Authority will establish financing for third-party (energy developers and service companies) ownership, deployment, and operation of DG technologies at customer sites.

POWER AUTHORITY ACTIVITIES - MULTIPLE SECTORS PROGRAMS

- **Demand Reserves Partnership Program: Dispatchable Load Reduction to Provide Clean Reserves in the Wholesale Ancillary Services Market**

The Power Authority has initiated a statewide program using advanced automation technology to dispatch load reduction that will offset Department of Water Resources (DWR) ancillary services charges. Demand reserves can be used by DWR for ancillary services, peak shaving, or emergency control. 500 MW can be available this fall beyond existing load reduction programs.

Participating end users receive monthly payments for standing by with dispatchable, immediately-verifiable capacity. The ISO (on DWR's behalf) can use the demand reduction capability as reserves, thus reducing the reserve level that DWR must purchase for its load.

The five-year program will capitalize on real-time meters installed last year by the CEC. It operates through the ISO ancillary services market structure and a centralized scheduling coordinator.

- **Time of Use Rates**

The Power Authority will finance the deployment of advanced metering and communications technology to support voluntary programs that allow customers to take power service at time-differentiated rates, and extend the infrastructure available for future dynamic pricing options.